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SUBJECT: BRAZILIAN CITY'S SOCIAL INCLUSION PROGRAMS MAY BECOME
NATIONAL MODEL

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1.(SBU) SUMMARY: Belo Horizonte, Brazil's sixth largest city and capital of the influential state of Minas Gerais, has a solid track record of innovative social inclusion programs in such areas as participatory budgeting, fighting hunger, improving favelas (slums), and increasing hours of learning for public school students. Newly-elected Mayor Marcio Lacerda is continuing and expanding these programs, which embody the theme of social inclusion and promoting human prosperity that will be discussed at the upcoming Summit of the Americas. Lacerda's victory also boosted Minas Gerais Governor and possible 2010 presidential contender Aecio Neves, himself a recognized innovator in governmental administration. In a country known for its inequality and poor government service, Belo Horizonte's innovative programs provide a model that both show-case the credentials of Neves and his supporters, may have implications for presidential politics and national program implementation. END SUMMARY.

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MODEL CITY PROGRAMS CONTINUE UNDER NEW MAYOR
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12. (SBU) Capital of Minas Gerais, the second-most populous state with the third largest economy in Brazil, Belo Horizonte continues to pursue innovative social inclusion programs under newly elected Mayor Marcio Lacerda (PSB, center-left party in the governing coalition). Lacerda is Belo Horizonte's first non-PT (leftist Worker's Party - the party of President Lula) mayor since 1993. Belo Horizonte is Brazil's sixth largest city, with a population of 2.4 million inhabitants. Rodrigo Perpetuo, the Municipal Secretary for International Affairs, told Charge D' Affaires Kubiske during a March 16 visit with Belo Horizonte APPoff (based in Brasilia), the history of innovation largely began under former PT Mayor and current Minister of Social Development and the Fight Against Hunger, Patrus Ananias de Sousa. Ananias now runs the popular and innovative "Bolsa Familia" (family stipend) program that ties cash payments to poor families to children's school attendance and vaccines. Given that Belo Horizonte has a history of producing political leaders who rise to national level positions, such as former mayor Ananias and now possibly Governor and 2010 presidential contender Aecio Neves (PSDB, center-right party in opposition), these social programs may eventually see national promotion and implementation, especially since in Minas Gerais they enjoy broad political support, including from national rival parties the PT and Neves PSDB. According to Perpetuo, the PT in Belo Horizonte has always valued "participatory democracy and social inclusion." Mayor Lacerda, who was Neves' candidate for mayor (see reftel) continues to uphold these ideals, and Perpetuo believes that Belo Horizonte "is probably the big city in Brazil that values these

principles the most," making it a potential model for the Summit of the America's theme of human prosperity.

¶13. (SBU) Perpetuo also noted that that city is in a constant learning process as the city administration continually tests, re-designs and improves its programs, and that the city administration believes that it is developing models that perhaps can be modified for use elsewhere. For example, Perpetuo pointed out that President Lula's recently launched favela (slum) improvement program that is part of his PAC (growth acceleration program) is largely based on favela improvement projects developed in Belo Horizonte. Belo Horizonte's newly appointed Afro-Brazilian Municipal Secretary for Education, Macae Evaristo, also told APPoff that an integrated school program that lengthens the school day beyond the hours required is also cited as a model program by the Ministry of Education for other school districts that want to implement similar programs. The following highlights some of Belo Horizonte's most innovative programs.

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ONLINE PARTICIPATORY CITY BUDGETING
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¶14. (U) Belo Horizonte claims to be the first city in the world to have implemented a Digital Participatory Budget. Belo Horizonte's original Participatory Budget program began in 1993 under then Mayor Patrus Ananias de Souza. Based on a list of projects defined by city officials, citizens are allowed to vote on which public work projects the city should implement. In 2006, voting on the projects was conducted on-line for the first time, with the city making computers available in accessible locations to allow citizens without regular internet access to take part. According to a report about the project issued by the city, in 2007-2008, the 172,938 citizens who participated in the voting could choose from a list of 36 works, four in each of the nine administrative regions of the city. Voters could vote for one project in each zone, so that in

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the end, nine projects would be chosen - one for each zone. Examples of projects chosen include: renovation of a health center, creation of an ecological park, construction of a multi-use cultural space, and construction of a sports complex. The report also notes that Belo Horizonte's Participatory Budget has been the subject of studies by the World Bank, Inter-American Development Bank, and the Ford Foundation, among others.

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SOCIAL PROGRAMS FIGHT HUNGER AND IMPROVE "FAVELAS"
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¶15. (U) Belo Horizonte's anti-hunger programs, begun in the 1990's have helped farmers from surrounding areas gain access to prime city space to sell their produce directly to consumers at lower prices than found in retail food shops. The city has also been active in promoting school and community vegetable gardens, which provide fresh produce for school lunches and are used to teach children about gardening. The program now includes 81 community and school gardens that benefit more than 35,000 people a year. Another part of the anti-hunger program is four "Popular Restaurants" located throughout the city that are open to all citizens and which serve nutritious meals for one real (just under 50 cents) or less. (Note: See the Spring, 2009 issue of Yes! Magazine article by Frances Moore Lappe for more information at:
<http://yesmagazine.org/article.asp?ID=3330>. End Note.)

¶16. (U) Belo Horizonte's "Vila Viva" (Living Village) program to improve the city's estimated 200 "favelas" or slums and other low-income neighborhoods, aims to integrate the favelas with the rest of the city and keep families in their communities while improving the community's infrastructure and services, according to Perpetuo. Started in 2005, projects have included paving roads, improving sanitation and drainage to prevent flooding during heavy rainstorms, building apartments, upgrading schools, providing space for sports and recreation, and improving traffic flow through these communities. Perpetuo noted that in one favela a street was lengthened to link the favela to another part of the city as a way

of integrating the favela with the rest of the city - many motorists have been surprised, according to Perpetuo, to drive through a favela and come out the other side. The program also aims to bring better social services to the favelas and to help create job opportunities. Funding for these programs has come from the Inter-American Development Bank, the Brazilian Development Bank (BNDES), Caixa Economica Federal (a federal bank), the Federal Government and the city itself. The city has also developed a partnership with the University of Michigan (U of M) College of Architecture and Urban Planning and recently a group of U of M students visited Belo Horizonte to do research on the Vila Viva program, looking particularly at water drainage projects.

EDUCATION: OFFERING MORE HOURS OF LEARNING, PROVIDING PRE-SCHOOL, AND IMPROVING ENGLISH LANGUAGE TEACHING

¶ 17. (U) One of Belo Horizonte's most innovative programs of all is the Integrated School Program, created in response to the fact that schools can only provide two shifts of 4.5 hours a day of instruction for 7-14 year-olds who are enrolled in municipal schools. (High schools are run by each state, and obligatory education for children ages 7-14 is run by municipalities). Without space to lengthen the school day in the city's school buildings, the city has partnered with universities, cultural centers, non-profit organizations, sports clubs, churches, and others to offer 4.5 hours a day of additional learning outside the school building. For a small stipend, University students are hired and trained by the city to serve as teachers for the program. They teach foreign languages, Portuguese, math, science and other subjects. The city also contracts with "community teachers" for classes in such areas as music, art, capoeira (Afro-Brazilian martial arts movement and dance). Students go on field trips to the city's museums and other landmarks, and participate in sports activities. The three main meals and two snacks the students receive during their nine-hour day assist their low-income parents. According to Perpetuo, the federal government pays for the meals for the children in the program, and the city pays the remaining program costs.

¶ 18. (U) The program started as a pilot in 2007 and now includes 50 schools and 15,000 of its 180,000 students (out of 220 schools and 180,000 students). Evaristo said the city hopes to double the program this year and that Mayor Lacerda wants to expand it to 100,000 students by the end of his 4-year term in 2013. According to Evaristo's office, a recent study has shown that schools participating in the Integrated School Program are getting better

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test results than those that are not and anecdotal evidence suggests the students are much more motivated. Perpetuo pointed out an additional benefit: students are kept in a structured learning environment and off of the streets for about 1/3 the cost it would take to keep them in a school building for more hours per day. Evaristo noted that last year 14 public school students were murdered in Belo Horizonte, most of them due to their involvement in the drug trade, so keeping kids in a safe and structured environment more hours a day may prevent more of them from being drafted into drug trafficking.

¶ 19. (U) The city also operates 47 centers for early childhood education (four months to five and a half years old), serving 13,000 children, and also works with philanthropic organizations to provide day-care for 20,000 children at 192 locations for children up to the age of six. These programs offer children early educational opportunities, while also providing free day-care for children whose parents need to work. According to Municipal Education Secretary Evaristo, the city has partnerships with France and Italy that support the early childhood education programs and provide teacher training.

¶ 10. (U) In a partnership with post, the Bi-national Center (BNC) in Belo Horizonte, and Chicago Public Schools, Belo Horizonte is providing additional training to its English teachers to improve the quality of English taught. Belo Horizonte's goal is to be better

prepared in case it becomes a host city of the 2014 World Cup. An ECA-funded English Language Fellow based at the BNC in Belo Horizonte provides training to municipal English teachers at the BNC, and the city will offer a short exchange with Chicago Public Schools to the most outstanding teachers participating in the program.

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LACERDA AND NEVES: MORE INNOVATION, BUT FUTURE UNCERTAIN
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¶11. (SBU) According to recent results from Datafolha, a respected Brazilian polling firm, Mayor Lacerda currently ranks in the middle of nine mayors of Brazil's largest cities in terms of approval ratings. Tied for fourth, Lacerda had a 35% approval rating and a disapproval rating of 12%, with the remaining indicating they did not have an opinion. There have been complaints about Lacerda's failure to deliver on campaign promises, such as a new metro system for the city. He is, however, continuing the tradition of innovation. In a recent interview with the city's main daily newspaper, Estado de Minas, Lacerda indicated he would like to implement a merit pay system for city workers, similar to the innovative merit pay system the state of Minas Gerais has adopted for state workers under Governor Neves.

¶12. (SBU) The election of Mayor Lacerda, Governor Neves' former State Secretary of Economic Development, was a victory for Neves in his bid to portray himself as a presidential candidate who can reach across party lines and produce innovative, result-oriented government services (see reftel). If Neves continues his candidacy, he may hold up his positive and productive relationships with Mayor Lacerda, along with the innovation in public services for which both the city of Belo Horizonte and the state of Minas Gerais are known, as reasons he should be his party's nominee and his country's next president.

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COMMENT: BELO HORIZONTE - INCUBATOR OF PROGRAMS AND POLITICIANS
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¶13. (SBU) Belo Horizonte is playing an "incubator" role in producing both innovative social programs and politicians across the political spectrum whose rise to national prominence will be boosted by these programs. Social innovator and former Belo Horizonte Mayor Ananias' rise to head the ministry implementing President Lula's most innovative social programs suggests that others are aware of this role, as well. Now, with support from the PT, PSB, and through Neves, the PSDB, there is a good chance that no matter who is elected president in 2010, some of the innovative ideas being put into practice in Belo Horizonte will be considered for implementation on a larger scale, as the next generation of Minas politicians rises to national positions.

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